

# Department of Commerce and Labor

Analyst: Freeman

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2004 Total App</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Approp</b>	<b>FY 2006 Request</b>	<b>FY 2006 Gov Rec</b>
<b>BY PROGRAM</b>					
Commerce	28,585,000	23,049,800	30,019,800	31,079,500	31,054,900
Idaho Rural Partnership	278,600	155,600	281,700	290,700	288,200
Wage & Hour	446,200	443,600	552,400	601,300	572,000
<b>Total:</b>	<b>29,309,800</b>	<b>23,649,000</b>	<b>30,853,900</b>	<b>31,971,500</b>	<b>31,915,100</b>
<b>BY FUND CATEGORY</b>					
General	6,690,200	6,687,600	7,877,100	8,750,900	8,978,800
Dedicated	6,565,400	5,497,700	6,791,000	6,799,600	6,720,000
Federal	16,054,200	11,463,700	16,185,800	16,421,000	16,216,300
<b>Total:</b>	<b>29,309,800</b>	<b>23,649,000</b>	<b>30,853,900</b>	<b>31,971,500</b>	<b>31,915,100</b>
Percent Change:		(19.3%)	30.5%	3.6%	3.4%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	3,590,100	3,122,300	3,775,800	4,016,300	4,103,600
Operating Expenditures	4,326,200	4,127,000	4,678,600	4,856,900	4,771,800
Capital Outlay	12,000	24,900	18,000	31,100	8,200
Trustee/Benefit	21,381,500	16,374,800	22,381,500	23,067,200	23,031,500
<b>Total:</b>	<b>29,309,800</b>	<b>23,649,000</b>	<b>30,853,900</b>	<b>31,971,500</b>	<b>31,915,100</b>
Full-Time Positions (FTP)	63.00	62.00	61.50	62.50	63.50

## Department Description

The Commerce side of the department is comprised of the following divisions:

- \* Economic Development helps existing businesses expand, encourages the start-up of new Idaho businesses, and helps bring about economic diversification by attracting new businesses to Idaho. It assists local development efforts, and develops, maintains, and disseminates economic and demographic data.

- \* Rural and Community Development provides financial and technical assistance to Idaho's cities and counties in the construction and rehabilitation of critical infrastructure to support economic diversification, expansion, and sense of community.

- \* Tourism Development helps expand Idaho's tourism and recreation industry by marketing Idaho travel opportunities at home and abroad, distributing grants to communities to promote tourism, and developing the state's film industry.

- \* Office of Science & Technology objectives are as follows:

- ~ Build, attract & retain a highly skilled technical workforce.
- ~ Invest in creating research and development excellence & promoting industry-university collaboration.
- ~ Facilitate commercialization of technology developed in Idaho.
- ~ Build an entrepreneurial culture that supports & nurtures new firm formation.
- ~ Invest in the infrastructure needed to support a technology-based economy.
- ~ Establish a national and international image for Idaho as a leading technology center.

- \* International Business assists Idaho businesses export goods and services, helps develop access to new markets, and increases foreign awareness and acceptance of Idaho products and services.

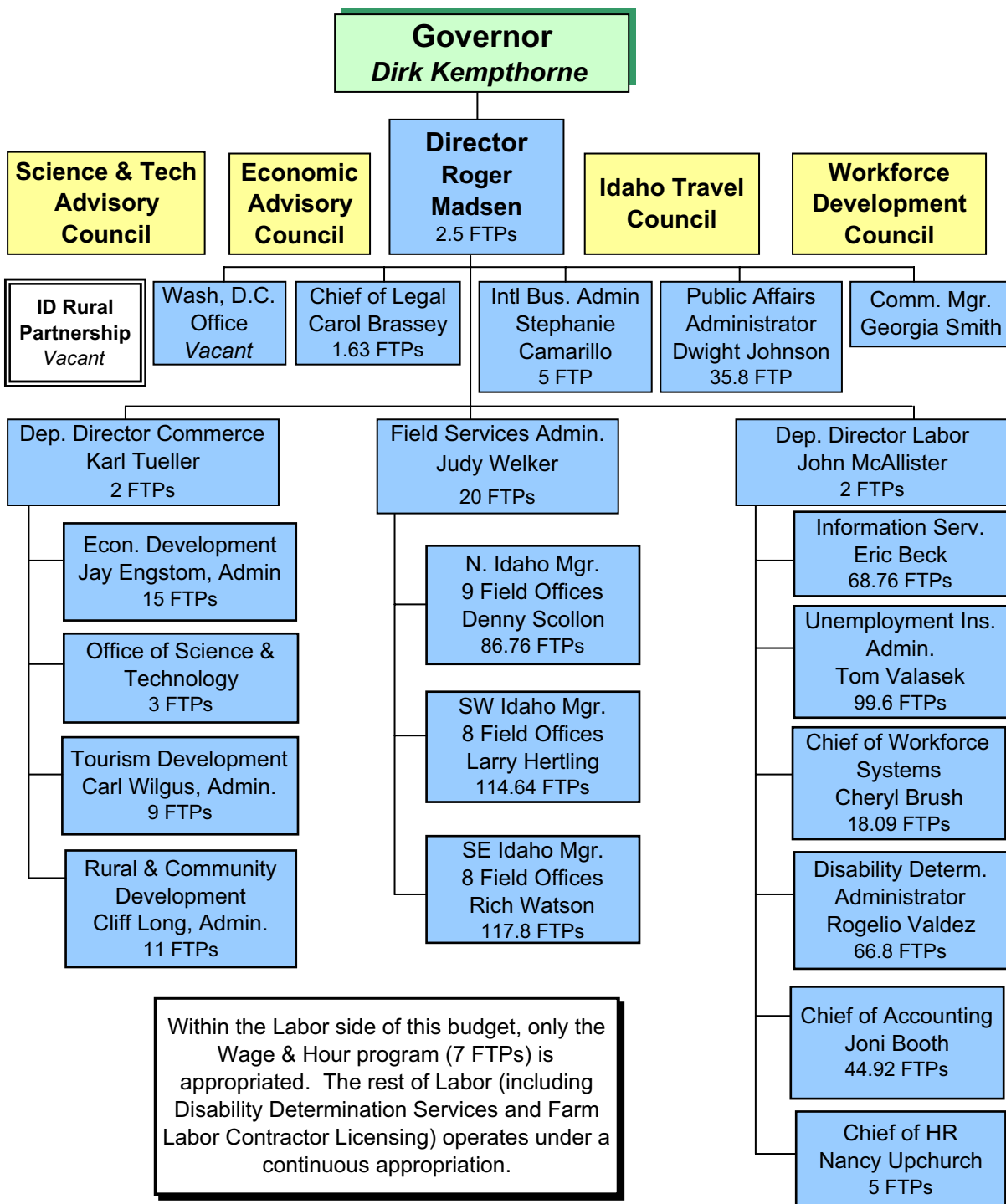
- \* Idaho Rural Partnership (IRP), reauthorized by Exec. Order No. 2004-03, joins diverse public and private resources in innovative collaborations to: (i) serve as a "champion" for rural Idaho; (ii) expand competitive access to domestic and international markets; (iii) seek resolution of conflicts especially on environmental issues; (iv) provide leadership training and development; and (v) serve as a "One Stop Shop" for information on rural resources.

Within the Labor side of this department, the Wage & Hour section is the only appropriated program. All other department programs operate on a continuous appropriation of federal funds and funds generated by administration of the employment security law and unemployment insurance taxes. The Wage & Hour section administers Idaho laws regarding the payment of minimum wage and claims for unpaid wages. This program provides redress to citizens for wage and hour law violations, and dispenses information and assistance to employers on wage and hour law provisions.

# Department of Commerce & Labor

## Agency Profile

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### Sources of Funds

	FY 2005 Original
<b>General Fund (0001):</b> Individual income tax, corporate income tax, sales tax, cigarette tax, beer tax, wine tax, liquor surcharge, kilowatt hour tax, mine license tax, Treasurer's interest on investments of certain idle state funds, court fees and fines, insurance premium tax, sale of alcoholic beverage licenses, unclaimed property, articles of incorporation and uniform commercial code filing fees, estate and transfer tax, and other miscellaneous sources from various agency receipts.	\$7,877,100
<b>Tourism and Promotion (0212):</b> 2% hotel/motel/campground tax and revenues from select special license plates.	\$5,961,600
<b>Unemployment Penalty and Interest (0302):</b> Moneys from all penalties and all interest on judgments or funds secured by liens collected under certain provisions of the Idaho Code.	\$100,000
<b>Miscellaneous Revenue (0349):</b> Miscellaneous receipts, grants, contributions or donations, Workforce Development Training Fund moneys, and Idaho Career Information System fees.	\$358,300
<b>Federal Grant (0348):</b> Federal funds received from Departments of Agriculture, Defense, and Housing & Urban Development.	\$16,185,800
<b>Seminars and Publications (0401):</b> Derived from fees from publications, seminars and workshops, and trade missions.	\$371,100
	<b>\$30,853,900</b>

### Selected Measures

Fiscal Year	FY 2002 Act	FY 2003 Act	FY 2004 Act	FY 2005 Est
<b>1. Job Creation</b>				
Visits to Idaho Companies	N/A	60	200	215
Companies represented at international trade shows	N/A	30	66	50
Organizations participating in international trade missions or trade shows	N/A	15	15	15
Workforce Development Training Fund projects	20	20	25	20
Community Development Block Grants funded	31	31	30	30
Rural Community Development Grants funded	10	12	6	9
Gem Implementation Grants funded	9	N/A	10	8
Communities receiving technical assistance	91	140	150	140
<b>2. Strengthen Idaho Communities</b>				
Communities participating in Gem Community Program	65	50	83	60
Tourism grants funded	36	37	37	40

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2005 Original Appropriation</b>	<b>61.50</b>	<b>7,877,100</b>	<b>30,853,900</b>	<b>61.50</b>	<b>7,877,100</b>	<b>30,853,900</b>
HB 805 One-time 1% Salary Increase	0.00	21,300	31,200	0.00	21,300	31,200
Governor's Rescission	0.00	0	0	0.00	(4,400)	(5,300)
<b>FY 2005 Total Appropriation</b>	<b>61.50</b>	<b>7,898,400</b>	<b>30,885,100</b>	<b>61.50</b>	<b>7,894,000</b>	<b>30,879,800</b>
Removal of One-Time Expenditures	0.00	(521,300)	(549,200)	0.00	(518,600)	(545,600)
Base Adjustments	0.00	0	0	0.00	1,700	1,700
<b>FY 2006 Base</b>	<b>61.50</b>	<b>7,377,100</b>	<b>30,335,900</b>	<b>61.50</b>	<b>7,377,100</b>	<b>30,335,900</b>
Benefit Costs	0.00	38,900	56,100	0.00	30,100	43,400
Inflationary Adjustments	0.00	13,700	294,100	0.00	0	0
Replacement Items	0.00	76,300	93,500	0.00	26,700	43,900
Nonstandard Adjustments	0.00	5,900	8,500	0.00	5,900	8,500
Change in Employee Compensation	0.00	21,900	31,700	0.00	21,900	31,700
27th Payroll	0.00	84,300	126,600	0.00	84,300	126,600
Fund Shift: Restore General Funds	0.00	107,700	0	0.00	107,700	0
<b>FY 2006 Program Maintenance</b>	<b>61.50</b>	<b>7,725,800</b>	<b>30,946,400</b>	<b>61.50</b>	<b>7,653,700</b>	<b>30,590,000</b>
1. Small Bus. Innovation Research Pgm	1.00	75,100	75,100	1.00	75,100	75,100
2. Increase Rural Initiative Funding	0.00	950,000	950,000	0.00	950,000	950,000
3. Tech Connect	0.00	0	0	1.00	300,000	300,000
<b>FY 2006 Total</b>	<b>62.50</b>	<b>8,750,900</b>	<b>31,971,500</b>	<b>63.50</b>	<b>8,978,800</b>	<b>31,915,100</b>
Change from Original Appropriation	1.00	873,800	1,117,600	2.00	1,101,700	1,061,200
% Change from Original Appropriation		11.1%	3.6%		14.0%	3.4%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2005 Original Appropriation</b>	61.50	7,877,100	6,791,000	16,185,800	30,853,900
<b>HB 805 One-time 1% Salary Increase</b>					
Agency Request	0.00	21,300	5,500	4,400	31,200
Governor's Recommendation	0.00	21,300	5,500	4,400	31,200
<b>Governor's Rescission</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends removal of funds not needed to implement HB 805. In addition, the Governor recommends removal of risk management funding in excess of needs calculated by the Department of Administration.</i>					
Governor's Recommendation	0.00	(4,400)	(700)	(200)	(5,300)
<b>FY 2005 Total Appropriation</b>					
Agency Request	61.50	7,898,400	6,796,500	16,190,200	30,885,100
Governor's Recommendation	61.50	7,894,000	6,795,800	16,190,000	30,879,800
<b>Removal of One-Time Expenditures</b>					
Removes one-time capital outlay, \$500,000 for grants in conjunction with the Eastern Snake Plain Aquifer agreement (HB843), and HB 805 One-time 1% Salary Increases.					
Agency Request	0.00	(521,300)	(14,500)	(13,400)	(549,200)
Governor's Recommendation	0.00	(518,600)	(13,800)	(13,200)	(545,600)
<b>Base Adjustments</b>					
Agency Request	0.00	0	0	0	0
<i>Restore risk management rescission to the base.</i>					
Governor's Recommendation	0.00	1,700	0	0	1,700
<b>FY 2006 Base</b>					
Agency Request	61.50	7,377,100	6,782,000	16,176,800	30,335,900
Governor's Recommendation	61.50	7,377,100	6,782,000	16,176,800	30,335,900
<b>Benefit Costs</b>					
Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 9.7% or \$632 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees. Other benefit changes include a reduction in unemployment insurance rates, a reduction in Division of Human Resources rates for classified employees, and an increase in workers compensation rates.					
Agency Request	0.00	38,900	9,200	8,000	56,100
<i>The Governor does not recommend increases related to changes in the Public Employee Retirement System.</i>					
Governor's Recommendation	0.00	30,100	7,100	6,200	43,400
<b>Inflationary Adjustments</b>					
Includes a general inflationary increase of 1.3% in operating expenditures and trustee/benefit payments.					
Agency Request	0.00	13,700	77,500	202,900	294,100
<i>The Governor recommends no increase for general inflation.</i>					
Governor's Recommendation	0.00	0	0	0	0

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Replacement Items</b>					
COMMERCE					
Capital Outlay: 1 digital projector (\$2,000), 14 monitors (\$11,200), 3 laptops (\$5,400), 2 laser printers (\$6,000), 2 digital cameras (\$1,000), and 1 scanner (\$500).					
Operating Expenses: 54 Microsoft site licenses (\$40,000).					
IDAHO RURAL PARTNERSHIP					
Operating Expense: 1 Microsoft license (\$700)					
WAGE & HOUR					
Operating Expenses: \$26,700 (1.29% of Labor's total replacement operating expenditures).					
Agency Request	0.00	76,300	9,000	8,200	93,500
<i>The Governor recommends an increase in operating expenditures for Microsoft licensing (General fund) and an increase in capital outlay for monitors, laptops, printers, digital cameras, LCD projector and scanner (dedicated and federal funds). The General fund capital outlay items are not recommended.</i>					
Governor's Recommendation	0.00	26,700	9,000	8,200	43,900
<b>Nonstandard Adjustments</b>					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General and State Controller. Also included are changes in property and casualty insurance premiums and the cost of office space leased to state agencies by the Department of Administration.					
Agency Request	0.00	5,900	1,300	1,300	8,500
Governor's Recommendation	0.00	5,900	1,300	1,300	8,500
<b>Change in Employee Compensation</b>					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	21,900	5,300	4,500	31,700
<i>The Governor recommends a compensation increase of 1% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	21,900	5,300	4,500	31,700
<b>27th Payroll</b>					
Reflects the cost of one additional payroll in fiscal year 2006. This happens every eleven or twelve years because there are 364 days in 26 payperiods but a year has 365.242 days.					
Agency Request	0.00	84,300	23,000	19,300	126,600
Governor's Recommendation	0.00	84,300	23,000	19,300	126,600
<b>Fund Shift: Restore General Funds</b>				<b>Wage and Hour</b>	
Reflects the restoration of \$100,000 in General Funds for FY 2006. In FY 2004 and 2005, the Department shifted these expenditures from the General Fund to the Employment Services Penalty and Interest Fund as a way to help with the state's General Fund budget situation. This FY 2006 adjustment restores the traditional funding source for the Wage and Hour Program. Also reflects a fund shift of \$7,700 to the general fund as a result of a shortfall in revenue to the miscellaneous revenue fund.					
Agency Request	0.00	107,700	(107,700)	0	0
Governor's Recommendation	0.00	107,700	(107,700)	0	0
<b>FY 2006 Program Maintenance</b>					
Agency Request	61.50	7,725,800	6,799,600	16,421,000	30,946,400
Governor's Recommendation	61.50	7,653,700	6,720,000	16,216,300	30,590,000

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>1. Small Bus. Innovation Research Pgm</b>					<b>Commerce</b>
The SBIR program is a federal program which supports creative advanced research in important scientific and engineering areas and is designed to encourage the conversion of government-funded R&D into technological innovation and commercial application. Ten federal agencies set aside a portion of their extramural research and development budget each year to fund research proposals from small science and technology-based firms. The program funds the gap from a research-based idea to a prototype that many industrial and venture capital companies find difficult to support. The Governor has requested that Commerce & Labor administer and coordinate the SBIR program within the state. This enhancement would provide 1 FTP and \$75,100 to support the position.					
Agency Request	1.00	75,100	0	0	75,100
Governor's Recommendation	1.00	75,100	0	0	75,100
<b>2. Increase Rural Initiative Funding</b>					<b>Commerce</b>
This enhancement increases funding for the rural economic development grant program by \$750,000 for a total of \$3.6 million. This program provides grants to distressed rural areas to provide public infrastructure for economic expansion and job creation. This program has been oversubscribed for the past three years. This enhancement would also increase funding for the rural economic development professional program by \$200,000 for a total of \$700,000. This program helps rural areas fund 12 full-time professional economic development positions throughout the state. This would increase funding for the twelve current positions and provide for two additional positions for a total of fourteen at \$50,000 each.					
Agency Request	0.00	950,000	0	0	950,000
Governor's Recommendation	0.00	950,000	0	0	950,000
<b>3. Tech Connect</b>					<b>Commerce</b>
Agency Request	0.00	0	0	0	0
<i>This enhancement would provide for one full-time position to administrate the Tech Connect Program throughout Idaho. Funding is also provided for Tech Connect offices in North, Southwest, South Central and Southeast Idaho. The Tech Connect Program provides assistance to high tech entrepreneurs in getting their ideas to the marketplace. This position will assure the independent programs in each part of the state are coordinated and working together for the development and expansion of high technology businesses in Idaho.</i>					
Governor's Recommendation	1.00	300,000	0	0	300,000
<b>FY 2006 Total</b>					
Agency Request	62.50	8,750,900	6,799,600	16,421,000	31,971,500
Governor's Recommendation	63.50	8,978,800	6,720,000	16,216,300	31,915,100
Agency Request					
Change from Original App	1.00	873,800	8,600	235,200	1,117,600
% Change from Original App	1.6%	11.1%	0.1%	1.5%	3.6%
Governor's Recommendation					
Change from Original App	2.00	1,101,700	(71,000)	30,500	1,061,200
% Change from Original App	3.3%	14.0%	(1.0%)	0.2%	3.4%